

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY VALLETTA

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EO:11652, N/A

ETRD:MT

SUBJECT: TEXTILE AGREEMENT

REF: VALLETTA 051, STATE 229075

FOR AMBASSADOR

1. FYI REGRET DELAY IN RESPONSE TO REFTEL WHICH OCCASIONED
BY NECESSITY CONSIDER CURRENT U.S. TEXTILE TRADE POLICY
DECISIONS IN LIGHT PROVISIONS OF NEW MULTILATERAL ALL-
FIBERS GATT ARRANGEMENT REGARDING INTERNATIONAL TRADE IN
TEXTILES OF JANUARY 1, 1974, ACCEPTED BY U.S. ON SAME
DATE. PROVISIONS OF NEW ARRANGEMENT APPLICABLE BILATERAL
TEXTILE AGREEMENTS ARE DIFFERENT (AND MORE LIBERAL) THAN
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SIMILAR PROVISIONS IN LTA. AS RESULT, THESE PROVISIONS

AND OBLIGATIONS ARISING FROM OTHER PROVISIONS IN NEW ARRANGEMENT, IMPORTING COUNTRIES ARE GIVEN ONE YEAR FROM JANUARY 1, 1974 TO EITHER DROP OR RENDER CONSONANT WITH TERMS NEW ARRANGEMENT ALL TEXTILE IMPORT RESTRAINTS, EITHER UNILATERAL OR BILATERAL. IN COURSE NEGOTIATIONS LEADING TO NEW GATT ARRANGEMENT, U.S. WAS UNDER CONTINUED ATTACK OVER "PROLIFERATION" OF U.S. COMPREHENSIVE BILATERAL RESTRAINT AGREEMENTS UNDER LTA, PARTICULARLY BILATERALS WITH COUNTRIES WITH RELATIVELY LOW EXPORT CAPACITY POTENTIAL. FOR THIS REASON, AS WELL AS IMPROVED CONDITIONS IN U.S. MARKETS, WE ARE CONSIDERING ON CASE-BY-CASE BASIS DESIRABILITY ALLOWING EXPIRE OR TERMINATING CERTAIN OF OUR AGREEMENTS WHERE EXPORT PERFORMANCE UNDER THE AGREEMENT HAS BEEN NEGLIBIBLE AND/OR WHERE THE TYPE AND LEVEL OF EXPORTS FROM THE COUNTRY CONCERNED POSE NO PROBLEM NOW. MALTA AGREEMENT CLEARLY FALLS WITHIN THIS CATEGORY. WE RECOGNIZE, HOWEVER, THAT SOME EXPORTING COUNTRIES DESIRE TO CONTINUE BILATERAL AGREEMENTS WITH THE U.S., USUALLY ON GROUNDS THAT ABSENCE OF AGREEMENT INHIBITS DESIRE U.S. IMPORTERS ASSUME LARGE CONTRACTUAL OBLIGATIONS IN ABSENCE ASSURANCE THAT PERFORMANCE ON CONTRACT WOULD NOT BE AFFECTED BY SUBSEQUENT U.S. GOVERNMENT ACTION TO RESTRAIN IMPORTS AT LEVEL UNRELATED TO CONTRACTS ENTERED INTO. WE BELIEVE, HOWEVER, THAT AS IMPORTERS BECOME AWARE OF OPERATION OF NEW GATT ARRANGEMENT THEIR RELUCTANCE TO DO BUSINESS IN ABSENCE BILATERAL AGREEMENT SHOULD FADE. END FYI.

2. WE ASSUME FROM REFTEL AND PRECEDING COMMUNICATION ON THIS SUBJECT THAT INABILITY U.S. MAKE A FIRM COMMITMENT REFRAIN FROM FUTURE RESTRAINT ACTION IN ABSENCE BILATERAL AGREEMENT LEADS GOM PREFER CONTINUE BILATERAL AGREEMENT. IN THIS SITUATION, WE PREPARED CONCUR IN THE EXTENSION OF THE BILATERAL FOR A PERIOD OF ONE YEAR FROM JANUARY 1, 1974. ONE YEAR EXTENSION WILL PROVIDE OPPORTUNITY FOR BOTH GOM AND U.S. TO STUDY THEIR BILATERAL TEXTILE TRADE RELATIONSHIP IN THE LIGHT OF THE OPERATION OF THE NEW GATT MULTILATERAL ARRANGEMENT AND DEVELOPMENTS IN THE U.S. TEXTILE MARKET. LIMITED OFFICIAL USE

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WITHIN THAT YEAR, BOTH GOVERNMENTS WILL HAVE THE OPPORTUNITY TO ASCERTAIN WHETHER BILATERAL SHOULD BE AMENDED IN ACCORDANCE WITH THE PROVISIONS OF NEW GATT ARRANGEMENT (AND, OBVIOUSLY, EXTENDED) OR WHETHER IT WOULD BE MUTUALLY ADVANTAGEOUS LET THIS BILATERAL EXPIRE AT END OF CURRENT YEAR.

3. AMBASSADOR IS AUTHORIZED TO SIGN AND EXCHANGE NOTES

WITH GOM TO AMEND COTTON TEXTILE BILATERAL AGREEMENT
BY SUBSTITUTING "1974" IN PARAGRAPH 1 FOR "1973".
EXCHANGE NOTES MUST ORIGINATE WITH GOM. IT MUST BE
MADE CLEAR THAT PROPOSAL TO EXTEND MADE BY GOM.

4. IF ACCEPTABLE TO GOM, REQUEST YOU ADVISE DEPARTMENT
TELEGRAPHICALLY OF DATES NOTES EXCHANGED, AS WELL AS
NAME AND TITLE OF GOM SIGNATORY.

5. EMBASSY ALSO REQUESTED TRANSMIT ORIGINAL OF GOM
NOTE AND CERTIFIED COPIES OF EMBASSY'S REPLY THERETO
TO DEPARTMENT IN ACCORDANCE WITH 11 FAM 735 (ATTN:
ASSISTANT LEGAL ADVISOR, TREATY AFFAIRS), AND A COPY OF
BOTH NOTES TO EB/ICD/FTD SO THAT REQUIRED PRESS RELEASE
MAY BE ISSUED WITH TEXTS OF NOTES ASAP. KISSINGER

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Message Attributes

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